

## What's behind those Facebook posts, highway billboards slamming Dallas' Diamond Doctor?

 [dallasnews.com/business/business/2016/05/19/whats-behind-those-facebook-posts-highway-billboards-slamming-dallas-diamond-doctor](https://dallasnews.com/business/business/2016/05/19/whats-behind-those-facebook-posts-highway-billboards-slamming-dallas-diamond-doctor)

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You may be wondering about that sponsored post showing up in your Facebook feed or the red-and-white ads that popped up last week on *The Dallas Morning News* [home page](#) slamming Dallas-based [Diamond Doctor](#) and its owner, David Blank, as fraudsters.

One of the fliers hung on doors in some Dallas neighborhoods. (Ashley Landis/The Dallas Morning News)

Maybe you're a resident of Preston Hollow, Far North Dallas, Lakewood or the Park Cities who found a flier attached to your front door with "FRAUD" stamped across Blank's smiling photo.

Or perhaps you've driven by one of the electronic billboards on the Dallas North Tollway asking whether you want to sue the Diamond Doctor.

An expanding tangle of lawsuits details an eight-month campaign against the Dallas jeweler by Brian Manookian, a 34-year-old Nashville attorney who says Blank dupes customers by selling diamonds with inflated values. He and his law firm, Cummings Manookian PLC, are soliciting clients through Facebook ads, websites, brochures and online videos to sue Blank.

But the 45-year-old Diamond Doctor owner says he's never cheated anyone.

In court filings, Blank contends he's the victim of a national shakedown of independent jewelers by Manookian, who uses threats of lawsuits to get the jewelers to hire his law firm as outside counsel. Manookian has denied the allegations in his court filings.

Blank turned to Dallas attorney Don Godwin, a high-caliber litigation gun, to fight back — filing a federal lawsuit against Manookian and his law firm that claims racketeering and extortion.

"One of the reasons I'm fighting this is because of my kids," Blank said in an interview at his Preston Road store. "I want to set an example for them that they can't be bullied."

Blank's suit alleges that Manookian launched "a nationwide, sophisticated multi-pronged shakedown operation" that "targeted and systematically attacked prominent, successful retailers" across the country.

**DIAMOND DOCTOR**

See what happens when Diamond Doctor unknowingly appraises its own garbage diamonds...

**CAUGHT ON TAPE**  
HEAR THE EXCLUSIVE AUDIO RECORDING FOR YOURSELF

David Blank admits "the horse is out of the barn" on his long running Dallas-based diamond store.

[www.diamonddoctorlawsuit.com](http://www.diamonddoctorlawsuit.com)

We sent an undercover customer to Diamond Doctor to have it appraise a diamond it previously sold one of our clients. See the difference in grades when Diamond Doctor sold the diamond and when Diamond Doctor had no clue it was looking at one of its own fraudulently overgraded stones!



Tennessee lawyer Brian Manookian.

Manookian sees it quite differently. He portrays himself in court filings as a consumer crusader fighting to expose “a long-running scam” by retail jewelers — like the Diamond Doctor — to inflate the grades and prices of precious stones.

Days ago, Godwin fired another salvo on behalf of Blank, filing suit in Dallas County court against Manookian, Brian Cummings and their two-man law firm for more than \$1 million, claiming fiduciary misconduct and defamation. It seeks an immediate stop to the multimedia onslaught.

Manookian responded by leasing time for his [diamonddoctorlawsuit.com](http://diamonddoctorlawsuit.com) ad on several electronic billboards on the heavily traveled tollway.

Manookian told *The News* in an email that he doesn’t keep a running tally of how much he’s spent trying to get his message across in Dallas-Fort Worth, “but it has been — and will continue to be — a significant spend by any measure.”

Heavyweight names in Dallas have rallied behind Blank, urging him to stand up to what they see as character assassination.

“It’s a shame that we live in a litigious society where there are people like him [Manookian],” said Jeffrey Beck, developer of the Town of Trophy Club. “We’ve all come in contact with bullies. This is just another bully.”

Nashville attorney Kenneth Byrd, a key litigator against the tobacco industry, said he doesn’t know anything about this controversy but wouldn’t want to be an attorney facing Manookian.

"Brian is a pit bull of an attorney," Byrd said. "He's found fraud on consumer activity around here, and he's been very effective in calling it out when he found it. ... He doesn't back down just because somebody is bigger and has more resources than he has."

Key contentions in this heated legal dispute are outlined in documents provided by the warring parties and found through research by *The News*. The major court filings can be viewed below.



Diamond values are assigned on a grading system based on color, clarity, cut and carat weight. (Ashley Landis/The Dallas Morning News)

## Origins of dispute

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How did Manookian and Blank become archenemies?

The convoluted saga began long before Manookian set his sights on Blank.

At the crux of this legal mess is a highly subjective process of grading diamonds on their four C's — color, clarity, cut and carat weight.

EGL-International, an Israeli laboratory, went out of business after its certifications were banned from two leading global gem trading networks. The networks cited inflated

valuations of diamonds compared with more regarded grading systems, including those by the Gemological Institute of America and American Gem Society.

"There is no doubt," Manookian said in his emailed response, "that we've raised nationwide awareness about diamond overgrading. The problem is that billions of dollars of inflated junk diamonds were passed off on the public during the time that this scam was ongoing, and the vast, vast majority of the victims have no clue."

Manookian is trying to find disgruntled customers who bought EGL-I stones from at least four other prominent jewelers around the country — Mervis Jewelers in the Washington, D.C., area, Golden Nugget in Philadelphia, International Diamond Center in Florida and Steve Padis Jewelers in the San Francisco area, according to court records.

Manookian began his industry offensive after buying a 3-carat EGL-I certified diamond from Genesis Diamonds of Nashville and its owner, Boaz Ramon, in September 2011. "The experience definitely allows me to connect with consumer clients in a way that would be difficult for a lawyer who hadn't personally been through it," Manookian said in an email to The News.

After Manookian's law partner filed three customer lawsuits for overgraded diamonds against Genesis, Ramon hired Cummings Manookian to represent him and his store. That creates an attorney-client relationship that precludes Manookian and the firm from representing unhappy customers in legal actions against the jeweler.

Blank's lawsuit claims that Ramon alerts jewelers who are about to come under attack and recommends that they fire their current lawyers and hire Manookian to fend off lawsuits about overgraded diamonds.

Ramon's attorney, Eli Richardson of Bass Berry + Sims, said the Nashville jeweler has done nothing wrong.

"Any insinuation of wrongdoing by Mr. Ramon is completely without merit. Mr. Ramon otherwise declines to make a comment at this time, because there is ongoing litigation to which Mr. Ramon is not a party," Richardson said.

## Sold at a discount

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Like many jewelers here and around the country, Blank sold EGL-I certified diamonds.

Blank said EGL-I diamonds accounted for between 5 and 10 percent of the stones he sold during the five years he dealt in them — fewer than 1,000 total. He said most were sold to other dealers and retailers.

The EGL-Is were sold at a "huge discount" — a third to a half of the price of a GIA-certified stone with the same grading, Blank said, adding that customers were told what they were buying. He estimated that the median price was \$4,000. "I'm willing to make any

Blank said he feels violated. "I'm in disbelief about what can happen without any remedy other than a long court battle. I am becoming the [EGL-I] poster child for the entire industry. I am ground central. I don't know how that is possible."

Manookian zeroed in on the Diamond Doctor last fall with websites and sponsored posts on Facebook accusing Blank of fraud, cheating and "heinous crimes."

Court documents say Blank learned that Howard Solomon, co-owner of Solomon Brothers of Atlanta, had hired Manookian for \$20,000 a month for five years — or \$1.2 million — to put a stop to Manookian's campaign against him.

In early November, with the holiday sales season approaching, Blank said he felt pinned to the wall and began talking with Manookian about setting up a similar arrangement.

### Civil Action No. 4:16-CV-94

DIAMOND CONSORTIUM, INC., D/B/A THE DIAMOND DOCTOR,  
PLAINTIFF  
VS.  
BRIAN MANOOKIAN AND CUMMINGS MANOOKIAN, PLC, DEFENDANTS

9. Manookian's purpose is to harass and intimidate the jewelers themselves into believing their businesses are in jeopardy by way of mass amounts of (largely imaginary) diamond "over-grading" claims, which Manookian is quick to threaten but never seems to get around to filing. The jewelers, in turn, are encouraged through a third party, former Manookian target, and now client of the Cummings Manookian law firm, to beg for peace by way of "engaging" Cummings Manookian and paying millions of dollars in what amounts to protection money to end the harassment.

59. Manookian portrayed the proposed relationship as one between a client and its attorney. However, when The Diamond Doctor asked about legal representation in two unrelated matters, Manookian explained he was not interested in representing The Diamond Doctor for those purposes. Manookian's only interest was in collecting the \$3 million payoff, not in providing actual legal counsel. In other words, Manookian's attacks would only end in return for the \$3 million payment.

### DEFENDANTS' MOTION TO DISMISS

This case is merely the latest round in The Diamond Doctor's ongoing campaign to intimidate Brian Manookian and his law firm, Cummings Manookian, for their efforts to expose The Diamond Doctor's fraudulent business practices. At its root, this is a controversy over diamond grading and a long running scam by certain retailers — like The Diamond Doctor — to inflate the inventory grades (and the prices) of their diamonds. After interviewing industry sources, ex-employees, and scores of customers, Manookian concluded that The Diamond Doctor had been, and continues to be, one of the worst offenders in this long running scam. Having confirmed these fraudulent business practices, Manookian began soliciting on various web pages and on Facebook consumers victimized by this fraud.

Suffice it to say here, however, that *Blank*\* reached out to Manookian to retain him, not the other way around. Defendants never offered their services, suggested any such thing, or even spoke to Blank before *Blank*'s attorneys implored him to do so.

The Diamond Doctor's RICO case is a fantasy, just another claim brought solely to harass and intimidate Defendants from pursuing legal action against The Diamond Doctor.

SOURCE: Dallas Morning News research; the documents

\*David Blank, owner of Diamond Doctor

Laurie Joseph/Staff Artist

Read the major filings in the case at the end of this story.

After a week of negotiations, Manookian agreed to take on Blank as his client if Blank paid his firm \$25,000 a month for 10 years. Blank would be liable for the entire \$3 million, even if he decided to terminate the contract early, according to court documents.

Manookian agreed that as Blank's attorney, he would be conflicted out of filing any legal action against Blank.

But Blank backed out before signing the contract.

"I decided I couldn't sleep knowing that someone out there has a 10-year contract of me paying him hush money," Blank said in an interview.

After negotiations fell through, Manookian restarted his campaign to discredit Blank, according to the Diamond Doctor's lawsuit.

In Manookian's motion to dismiss the lawsuit, Manookian said that the proposed arrangement was entirely Blank's idea and that the Dallas jeweler begged for his assistance. To characterize it as extortion is a "false narrative," Manookian's court filings said.

Manookian uses excerpts from his conversations with Blank to claim that Blank has been "found guilty of trying to bribe a lawyer," according to court documents.

Blank created the conflict, Manookian told a Tennessee board that oversees lawyer ethics.

"Faced with our entirely truthful website exposing his years of fraudulent conduct, and having had his lawsuit against us fail out of the gates, Mr. Blank and his lawyers came up with a scheme to either hire us on their terms or conflict us out of pursuing meritorious consumer claims against his company," Manookian said, referring to an original Diamond Doctor lawsuit that came and went in four days.

Randy Johnston, a Dallas lawyer and an expert on legal malpractice, said the type of legal arrangement Blank and Manookian discussed would have violated ethics rules of the American Bar Association and the State Bar of Texas regardless of which party initiated it, citing code numbers from both professional organizations.

"You can't go into an agreement that says, 'If you pay me a million dollars, I'll never sue you again,'" said Johnston, who is not involved in this controversy. "So what lawyers try to do is say: 'I can't do that but you can hire me and conflict me out. Just pay me a million dollars for me to sit on my butt and do nothing.' The ABA has said: 'That's a fraud. You're coming in the back door when you can't get through the front door. And you can't do that.'"

To date, two individual lawsuits have been filed against Mervis Jewelers. *The News'* research found no class-action suits against any of the five jewelers Manookian says he's currently pursuing.

"The overwhelming majority of our diamond overgrading cases settle without a suit ever being filed," Manookian said. "My understanding is that the first wave of consumer claims against Diamond Doctor are being filed the week of May 30."

Blank told *The News* that he has been notified by certified mail of seven unhappy customers willing to sue him.

Attorneys for Manookian and Blank are scheduled to sit down with a mediator on Tuesday in Dallas.



Diamond Doctor is the official jeweler of the Dallas Cowboys. (Ashley Landis/The Dallas Morning News)

## A staple on radio

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If you're a regular listener of Sportsradio 1310-The Ticket, ESPN, The Fan, KRLD or WBAP, you've probably heard the Diamond Doctor's commercials. The official jeweler of the Dallas Cowboys sees male sports fans as key marketing targets.

Background checks by The News found no record of lawsuits, arrests or unethical business dealings involving Blank or his company.

Blank said he's never even had a parking ticket.

The Diamond Doctor has the Better Business Bureau's highest rating of A+ with no complaints filed in the last three years, even though Manookian's websites encourage customers to file BBB complaints.

Blank said his store and diamond-cutting facility in Farmers Branch, which together employ 40 people, will have 2016 revenue of \$35 million, give or take, making it one of the largest independent jewelers in the nation. About a third of his sales are to retailers and other dealers.

Blank said his largest customer is USAA, which sells insurance, services and products to its 11.4 million members. Blank said the San Antonio-based giant has purchased more than \$10 million in stones since he launched his company.

Jack Pratt, retired CEO of Hollywood Casinos and Pratt Hotel corporations, is Blank's best individual customer, having bought numerous pieces from him over the last decade.

"I would trust everything that I own in David's hands. That's how much faith and confidence I have in him," Pratt said. "And I don't normally say that about most people that I've done business with in the past."

Pratt said Blank's business was built on word of mouth. "And it's costing him a bloody fortune trying to protect his reputation," he said.

## Coming to the U.S.

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Blank is a South African native who started selling jewelry in Johannesburg while getting his degree in accounting and commerce in the early 1990s.

In 1995, four gunmen came into his store and murdered his shop assistant in front of him, Blank said. A few months later, his father died by suicide.

The next year, Blank, who was 25, came to America for his sister's wedding in Chicago. He discovered Dallas and decided to get a fresh start here.

His store's name is a tribute to his physician father, as is Blank's sponsorship of the Suicide & Crisis Center of North Texas.

Beck, who got to know Blank through common philanthropic interests, put Blank on the board of his United Texas Bank.

"David is a very hardworking, extremely moral and ethical businessman, devoted husband and father," Beck said. "He's very smart and extremely creative and offers some wonderful ideas sitting on our board."

## Manookian's background

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Manookian received his law degree from Vanderbilt University and began practicing in Tennessee in 2007. He spent nine months of the last year under non-monitored house detention for his role in a family business that sold a non-approved injectable tanning drug across state lines, according to sentencing documents in U.S. District Court in Tennessee. The family's company also marketed the product as protection against skin cancer and rosacea.

Manookian's sentence included a year of probation, which he said will be completed next month.

Manookian's Dallas attorney, Chris Schwegmann, a partner with Lynn Pinker Cox & Hurst LLP, dismisses the conviction as irrelevant to the current legal battle.

"It was a regulatory misdemeanor for a single violation of an administrative act that occurred almost a decade ago," Schwegmann said. "Those facts have nothing to do with any of the allegations in the complaint, and the fact that it is even referenced only underscores the Diamond Doctor's effort to divert attention away from his own conduct and business practices."

A previous attorney of Blank's filed a complaint against Manookian with the Tennessee Board of Professional Responsibility.

Manookian countered with a letter to the board that questioned Blank's tactics: "From almost the moment we began alerting the public to the fraud perpetrated by Diamond Doctor, Mr. Blank has taken every available bad-faith measure to intimidate, attack or con us out of pursuing potential claims on behalf of consumers against him and his fraudulent business."

Manookian attached a list of 500 EGL-I certified diamonds that he said were worth \$5.8 million and in Blank's inventory when Manookian launched his lawsuit websites.

Blank responded with a copy of the certificate for every listed diamond. Of the 500 diamonds, 83 were EGL-I certified, and none of them were on hand when Manookian claimed they were, Blank told The News. He said he has no EGL-I stones now.

A spokesman for the Tennessee board said no disciplinary action has been taken to date.

In early February, Gardere Wynne Sewell LLP filed Blank's second suit in U.S. District Court in Sherman, accusing Manookian of extortion, violation of the Racketeer Influenced and Corrupt Organizations Act and trademark infringement.

## Enter Don Godwin

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Dallas investor Jerry Meyer, a loyal customer of Blank's and a longtime client of Godwin's, encouraged Blank to switch to Godwin.

Dallas attorney Don Godwin. (Ashley Landis/The Dallas Morning News)

"When you're going into a street fight, you want a street fighter representing you," said Meyer, chairman and CEO of Valhalla Holdings Inc. "Don [Godwin] hates to lose more than any attorney I've ever been around. He is not cheap, but he gets the job done."

Godwin agreed to talk with Blank strictly as a favor to Meyer and says he thoroughly checked Blank out before taking his case.

"At that point, and even as we speak today, not a single customer has filed a lawsuit" against Blank or the Diamond Doctor, Godwin said in an interview.

"When I looked at the Facebook and website postings, it was shocking to me that someone would go after someone with such vengeance as Manookian was going after David," Godwin said. "I felt David was being victimized unfairly, that he was being defamed and disparaged on the Internet."

Godwin rewrote Blank's suit against Manookian and refiled it in late March.

Another suit filed in Dallas on May 13 claims that Manookian breached his fiduciary duty because Manookian gathered privileged information about Blank as they discussed his being hired as Blank's attorney. It also contends that Manookian's "duties as The Diamond Doctor's lawyer would be 'reputation management' to undo the damage from Manookian's very own negative Facebook campaign."

Asked how many jewelers are current clients, Manookian said the number "changes as matters resolve, but 20 to 25 at any given time is a good estimate."

Manookian said his goal is "to give defrauded consumers the information they need to take the next step: whether that's engaging our firm to represent them, or something as simple as warning their friends to stay away from retailers like Diamond Doctor."

For Blank, it has been an emotionally draining battle.

"At night I think about how I came to America with nothing, settled in this amazing city, started a family, built a successful business and made a home here, proudly became an American citizen. I built a reputation of integrity and became involved in my community. For all of this, I am extremely thankful," he said.

"I am so angry that some lawyer is trying to take that all away. I feel victimized, and it's almost like I am being robbed again. How can a lawyer be allowed to assassinate my identity?"

Twitter: [@CherylHall\\_DMN](#)



Diamond Doctor Suit Against Manookian

**Read these additional court filings:**